

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS  
OF SAN BERNARDINO COUNTY, CALIFORNIA  
AND RECORD OF ACTION**

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**May 4, 2004**

**FROM: THOMAS R. LAURIN, DIRECTOR  
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT**

**SUBJECT: ADOPT RESOLUTION AUTHORIZING ALL NECESSARY AND RELATED  
DOCUMENTS AND ACTIONS RELATIVE TO THE ISSUANCE, SALE, AND  
DELIVERY OF REFUNDING BONDS FOR THE MOUNTAIN VIEW  
APARTMENTS – RANCHO CUCAMONGA**

**RECOMMENDATION:**

- 1) Adopt resolution of the Board of Supervisors of the County of San Bernardino authorizing: a) the issuance, sale, and delivery of County of San Bernardino, California Variable Rate Demand Multifamily Housing Mortgage Refunding Bonds, 2004 Series A (Mountain View Apartments) in the aggregate principal amount of \$10,910,000; b) the execution and delivery of a Trust Indenture, Financing Agreement, Assignment and Intercreditor Agreement, Bond Purchase Agreement, Official Statement, and Amendment to the Regulatory Agreement in conjunction with the issuance of the bonds; and c) the execution and delivery of any and all necessary and related documents and actions in connection with the authorization, issuance, sale and delivery of the Bonds.
- 2) Approve a Bond Counsel Services Agreement with the firm of Fulbright & Jaworski, LLP for legal services related to this project.

**BACKGROUND INFORMATION:** In 1983, the County issued \$40,000,000 in County of San Bernardino Multifamily Rental Housing Revenue Bonds, Issue A of 1983 (Redlands Federal Savings and Loan Association Certificates of Deposit Program) the proceeds of which were used to finance the construction of a number of multifamily projects, including the Mountain View Apartments (MV Apartments) consisting of 270 units located at 10935 Terra Vista Parkway, Rancho Cucamonga.

In 1991, the County authorized the issuance of \$38,745,000 County Multifamily Housing Refunding Revenue Bonds, 1991 Series A (Redlands Federal Bank Program), the proceeds of which were used to refund a portion of the 1983 Bonds including the portion related to the MV Apartments.

In 1997, the County issued its \$10,910,000 Variable Rate Demand Multifamily Housing Mortgage Revenue Refunding Bonds, 1997 Series A (Mountain View Apartments) ("MV Prior Bonds"), the proceeds of which were used to refund a portion of the 1991 bonds.

The owner, Western Land Properties, a California limited partnership, (Owner) has requested the assistance of the County to refinance the complex in conjunction with the delivery of a credit enhancement facility (letter of credit) by the Federal National Mortgage Association (Fannie Mae), a federal taxpaying corporation created by the United States Congress. The Prior MV Bonds are

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credit enhanced by a Sanwa Bank California direct pay letter of credit that is wrapped by the 11th District Federal Home Loan Bank standby letter of credit. This existing finance structure results in the Prior Bonds being rated AAA/A-1+ by Standard & Poor's. The letter of credit is scheduled to expire on June 7, 2004 and unless an alternate letter of credit is provided 14 days prior to such expiration date, or the Prior Bonds are refunded, the trustee for the Prior Bonds is obligated to draw on the letter of credit in order to repay the Prior Bonds. The Owner desires to refund the Prior Bonds and has requested the County facilitate the refunding by issuing new bonds (Proposed Bonds) the proceeds of which will be used to pay off the Prior Bonds. The Owner will have the Proposed Bonds secured by a credit enhancement facility delivered and provided by Fannie Mae. The rating agency will rate such bonds AAA/A-1+ due to the Fannie Mae credit enhancement.

It is in the public interest and for the public benefit for the County to assist the owner as contemplated by the attached resolution to preserve the lower-income multifamily housing units provided by the complex. The owner will continue to "set aside" at least 20 percent of the units for persons of whose income doesn't exceed 80 percent of the Area Median Income, for seven (7) years.

Approval of a Bond Counsel Services Agreement is also included in the recommendation that will allow the law firm of Fulbright & Jaworski, L.L.P. to provide services for the proposed refunding. The Department of Economic and Community Development (ECD) completed a Board-approved Request for Proposals (RFP) process in August 2000 to solicit qualified underwriters and bond counsel firms, and to provide the necessary professional services specific to the Multifamily Residential Rental Housing Revenue Bond Program. The firm of Fulbright and Jaworski, L.L.P. was selected as provider of those services and continues as a member of the current Board-approved County Financing Pool.

California Government Code requires that action involving bonds must be separately considered as a discussion item by the Board of Supervisors.

**REVIEW AND APPROVAL BY OTHERS:** This item was reviewed by the County's Debt Advisory Committee on February 11, 2004; reviewed and approved by Deputy County Counsel, Michelle D. Blakemore (909-387-5455) on February 23, 2004; the Department of Economic and Community Development's Contract Compliance Designee, David Larsen (909-388-0959) on February 23, 2004; and the County Administrative Office, Patricia M. Cole, Administrative Analyst III (909-387-5346) on February 27, 2004.

**FINANCIAL IMPACT:** The owner has agreed to pay/reimburse the County for all costs associated with the County's actions regarding the refunding for the complex, including the fees to be charged by Bond Counsel under the contract between the County and Fulbright and Jaworski, L.L.P that is being approved in conjunction with this item. All expenses will be reimbursed to Fund NPQ ECD ECD. This action has no impact on the County General Fund, the Community Development Block Grant Program or the HOME Program nor is the full faith and credit of the County, the State of California or any political subdivision thereof pledged.

**SUPERVISORIAL DISTRICT(S):** 2nd.

**PRESENTER:** Thomas R. Laurin, Director, 388-0808.

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